

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7330

BILL NUMBER: HB 1642

NOTE PREPARED: Jan 7, 2007

BILL AMENDED:

SUBJECT: Pharmacy Dispensing Fees.

FIRST AUTHOR: Rep. Goodin

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
DEDICATED
X FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill requires the Office of Medicaid Policy and Planning to: (1) adjust prescription dispensing fees based on a survey of pharmacy providers; and (2) apply for any Medicaid Plan amendment needed for the dispensing fee adjustment.

Effective Date: July 1, 2007.

Explanation of State Expenditures: This bill would require the Office of Medicaid Policy and Planning to adjust prescription dispensing fees based on information collected in a survey of pharmacy providers and other state Medicaid programs. (The current statute requires the Office to conduct the survey once every two years and evaluate an appropriate level of dispensing fees based on certain information; it does not require the Office to adjust the dispensing fee.) The fiscal impact of this bill would be dependent upon the level of the adjustment required. An adjustment could be an increase or a decrease in the dispensing fee depending upon the survey results and analysis. The current dispensing fee is \$4.90 per legend drug dispensed as defined in 410 IAC 5-24-6.

The Medicaid Program is jointly funded by the state and federal governments. The state share of program expenditures is approximately 38%. Medicaid medical services are matched by the federal match rate (FMAP) in Indiana at approximately 62%. Administrative expenditures with certain exceptions are matched at the federal rate of 50%.

Explanation of State Revenues: See *Explanation of State Expenditures* regarding federal reimbursement in the Medicaid Program.

Explanation of Local Expenditures:

Explanation of Local Revenues: County-owned hospitals with pharmacies that dispense outpatient prescriptions for fee-for-service Medicaid recipients and county-owned nursing facilities with pharmacies that dispense prescriptions for patients not covered by Medicare Part D, could realize an increase (or a decrease) in dispensing fee revenue.

State Agencies Affected: Office of Medicaid Policy and Planning, Family and Social Services Administration.

Local Agencies Affected: County-owned hospitals and nursing facilities.

Information Sources: 405 IAC5-24-6; Office of Medicaid Policy and Planning.

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